



Billing Code: 5001-06

DEPARTMENT OF DEFENSE

Office of the Secretary

[Transmittal No. 16-66]

36(b)(1) Arms Sales Notification

AGENCY: Department of Defense, Defense Security Cooperation Agency.

ACTION: Notice.

SUMMARY: The Department of Defense is publishing the unclassified text of a section 36(b)(1) arms sales notification. This is published to fulfill the requirements of section 155 of Public Law 104-164 dated July 21, 1996.

FOR FURTHER INFORMATION CONTACT: Pamela Young, DSCA/SA&E-RAN, (703) 697-9107.

The following is a copy of a letter to the Speaker of the House of Representatives, Transmittal 16-66 with attached Policy Justification and Sensitivity of Technology.

Dated: January 5, 2017.

Aaron Siegel,
Alternate OSD Federal Register Liaison Officer,
Department of Defense.



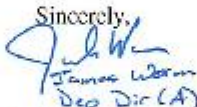
DEFENSE SECURITY COOPERATION AGENCY
201 12TH STREET SOUTH, STE 203
ARLINGTON, VA 22202-5408

DEC 12 2016

The Honorable Paul D. Ryan
Speaker of the House
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Speaker:

Pursuant to the reporting requirements of Section 36(b)(1) of the Arms Export Control Act, as amended, we are forwarding herewith Transmittal No. 16-66, concerning the Department of the Army's proposed Letter(s) of Offer and Acceptance to the Government of Kuwait for defense articles and services estimated to cost \$1.7 billion. After this letter is delivered to your office, we plan to issue a news release to notify the public of this proposed sale.

Sincerely,

FOR J. W. Rixey
Vice Admiral, USN
Director

Enclosures:

1. Transmittal
2. Policy Justification
3. Regional Balance (Classified document provided under separate cover)



Transmittal No. 16-66

Notice of Proposed Issuance of Letter of Offer
Pursuant to Section 36(b)(1)
of the Arms Export Control Act, as amended

(i) Prospective Purchaser: Government of Kuwait

(ii) Total Estimated Value:

Major Defense Equipment* \$.04 billion

Other \$1.66 billion

TOTAL \$1.70 billion

(iii) Description and Quantity or Quantities of Articles or Services under Consideration for Purchase:

Major Defense Equipment (MDE):

Two hundred and forty (240) .50 Cal M2A1 Machine Guns

Four hundred and eighty (480) 7.62mm M240 Machine Guns

Two hundred and forty (240) AN/VRC-92E SINCGARS Radios

One thousand and eight five (1,085) AN/PVS-7B Night Vision Goggles

Non-MDE includes:

Incorporation of cooling system/thermal management systems; Common Remotely Operated Weapons Station (CROWS) II – Low Profile Stabilized Weapon Stations; special armor; 120mm gun tubes; 2nd generation Forward Looking Infrared (FLIR) sights; embedded diagnostics; gunner's primary sights; Counter Sniper and Anti-Materiel Mount (CSAMM) hardware; upgrade/maintenance of engines and transmissions; depot level support; training devices; spare and repair parts; support equipment; tools and test equipment; technical data and publications; personnel training and training equipment; U.S. Government and contractor engineering, technical, and logistics support services, and other related elements of logistics support.

(iv) Military Department: Army (UXA)

(v) Prior Related Cases, if any:

FMS Case KU-B-JAT (9 July 1993, \$1.9 billion)

FMS Case KU-B-UKO (20 July 2001, \$44.3 million)

FMS Case KU-B-UKN (23 July 2001, \$42 million)

FMS Case KU-B-ULB (19 May 2006, \$36.8 million)

FMS Case KU-B-ULX (20 July 2011, \$34.8 million)

(vi) Sales Commission, Fee, etc., Paid, Offered, or Agreed to be Paid: None

(vii) Sensitivity of Technology Contained in the Defense Article or Defense Services Proposed to be Sold: See Annex Attached

(viii) Date Report Delivered to Congress: December 12, 2016

*as defined in Section 47(6) of the Arms Export Control Act.

POLICY JUSTIFICATION

Government of Kuwait – Recapitalization of 218 M1A2 Tanks and Related Equipment and Support

The Government of Kuwait has requested a possible sale in support of its recapitalization of 218 M1A2 tanks, to include two hundred and forty (240) .50 Cal M2A1 machine guns; four hundred and eighty (480) 7.62mm M240 machine guns; two hundred and forty (240) AN/VRC-92E SINCGARS radios; and one thousand and eight five (1,085) AN/PVS-7B Night Vision Goggles. Also included is the incorporation of cooling system/thermal management systems; Common Remotely Operated Weapons Station (CROWS) II – Low Profile Stabilized Weapon Stations; special armor; 120mm gun tubes; 2nd generation Forward Looking Infrared (FLIR) sights; embedded diagnostics; gunner's primary sights; Counter Sniper and Anti-Materiel Mount (CSAMM) hardware; upgrade/maintenance of engines and transmissions; depot level support; training devices; spare and repair parts; support equipment; tools and test equipment; technical data and publications; personnel training and training equipment; U.S. Government and contractor engineering, technical, and logistics support services, and other related elements of logistics support. Total estimated program cost is \$1.7 billion.

This proposed sale will contribute to the foreign policy and national security of the United States by helping to improve the security of a friendly country which has been and continues to be an important force for political stability and economic progress in the Middle East.

Kuwait intends to use this equipment to recapitalize its fleet of M1A2 full track tanks in order to modernize and extend the service of the tanks. Kuwait will have no difficulty absorbing this equipment into its armed forces.

The proposed sale of this equipment and support will not alter the basic military balance in the region.

The principal contractors involved in this program are: General Dynamics Land Systems, Sterling Heights, MI; Joint Services Manufacturing Center (JSMC), Lima, OH; Konsberg Defense Systems, Alexandria, VA, and Johnstown, PA; Raytheon, McKinney, TX; Meggitt Defense Systems, Irvine, CA; Palomar, Carlsbad, CA; Northrop Grumman, West Falls Church, VA; DRS Technologies, Arlington, VA; Lockheed Martin, Bethesda, MD; Honeywell, Morristown, NJ; Miltope, Hope Hull, AL. There are no known offset agreements proposed in connect with this potential sale.

Implementation of this proposed sale is estimated to require five to seven contractors and twenty-five to thirty U.S. Government representatives to Kuwait.

There will be no adverse impact on U.S. defense readiness as a result of this proposed sale.

Transmittal No. 16-66

Notice of Proposed Issuance of Letter of Offer
Pursuant to Section 36(b)(1)
of the Arms Export Control Act

Annex
Item No. vii

(vii) Sensitivity of Technology:

1. Components considered to contain sensitive technology in the proposed sale are as follows:

a. M1A2 Thermal Imaging System (TIS) – The TIS constitutes a target acquisition system which, when operated with other tank systems gives the tank crew a substantial advantage over the potential threat. The TIS provides the crew with the ability to effectively aim and fire the tank main armament system under a broad range of adverse battlefield conditions. The hardware itself is UNCLASSIFIED. The engineering design and manufacturing data associated with the detector and infrared (IR) optics and coatings are considered sensitive. The technical data package is UNCLASSIFIED with the exception of the specifications for target acquisition range which is CONFIDENTIAL and hardening data is classified up to SECRET. The consequences of such compromise would increase potential enemy capabilities to neutralize effectiveness of the tank main armament system by denying the crew ability to acquire targets.

b. Special Armor – Major components of special armor are fabricated in sealed modules and in serialized removable subassemblies. Special armor vulnerability data for both chemical and kinetic energy rounds are classified SECRET. Engineering design and manufacturing data related to special armor are also classified SECRET. The consequences of such compromise of classified information would be the capability to neutralize or defeat the armor. The sale or transfer of armor modules are done on a government-to-government basis. This serves to minimize, but not eliminate, the danger of compromise.

c. 120mm Gun – the gun is composed of a 120mm smoothbore gun (cannon) manufactured at Watervliet Arsenal; “long rod” APFSDS warheads; and combustible cartridge case ammunition. There may be a need to procure/produce new gun cannon tubes from Watervliet Arsenal. New cannons inducted at Anniston Army Depot would be inspected according to established criteria and shipped to Lima Army Tank Plant for tank upgrade process. Gun production and technology are generally known. Disclosure of gun production and technology specific to the 120mm

(advance materials and tolerances) would degrade the advantage.

d. AGT-1500 Gas Turbine Propulsion System – The use of a gas turbine propulsion system in the M1A2 is a unique application of armored vehicle power pack technology. The hardware is composed of the AGT-1500 engine and transmission and is not UNCLASSIFIED.

Manufacturing processes associated with the production of turbine blades, recuperator, bearings and shafts, and hydrostatic pump and motor are propriety and therefore commercially competition sensitive. Unauthorized release and exploitation of sensitive propulsion information would adversely impact U.S. commercial interests. Acquisition of production data by a potential enemy could enhance its ability to design and produce gas turbine engine propulsion system with application to land vehicles.

e. Compartmentation – A major survivability feature of the M1 tank is the compartmentation of fuel and ammunition. Compartmentation is the positive separation of the crew and critical components from combustible materials such that in the event that the fuel or ammunition is ignited or deteriorated by an incoming threat round, the crew is fully protected. Sensitive information includes the performance of the ammunition compartments as well as the compartment design parameters. The design of the compartments cannot be protected, however the guidelines, parametric inductions and test data used to develop the compartments do not have to be disclosed to permit a sale.

f. Common Remotely Operated Weapons Station – Low Profile (CROWS-LP) – The CROWS-LP (M153A2E1) is a commanders' weapon station. It allows for under armor operation of weapons – M2HB, M2A1, M250B, and M240. The CROWS-LP is an updated version of the M153A2 CROWS that is approximately 10 inches shorter; the CROWS-LP M153A2E1 increases visibility over the weapon station. The fire control system of the CROWS-LP allows the “first-burst” on target capability from stationary and moving platforms. The CROWS-LP ingratiate a day camera (VIM-C), thermal camera (TIM 1500), and laser range finder (STORM/STORM-PI). Engineering design and manufacturing data would provide potential enemy with the means to increase small arms fire control from under armor. The consequences of this would be improved enemy equipment in the field and decrease technological fire control advantages.

2. The M1 tank will include the following communications suite: Defense Advanced Global Positioning System (GPS) Receiver (DAGR); AN/VAS-5 Driver's Vision Enhancer (DVE) and Rear View Sensor System (RVSS); and Single Channel Ground and Airborne Radio System (SINCGARS).

a. Defense Advanced Global Positioning System (GPS) Receiver (DAGR) – DAGR is a lightweight (less than two pounds) hand-held or host platform-mounted, dual frequency, Selective Availability Anti-Spoofing Module (SAASM) based, Precise Positioning Service (PPS) device. The DAGR provides real-time positioning, velocity (ground speed), navigation, and timing (PVNT) information, in stand-alone (dismounted) and mounted (ground facilities,

sea, air, and land vehicles) configurations. The DAGR can support missions involving land-based war-fighting and non-war fighting operations. The DAGR can also be used as a secondary or supplemental aid to aviation-based missions which involve operations in low-dynamic aircraft, and as an aid to navigation in water-borne operations. DAGR AN/PSN-13(A) is fitted with the Selective Availability Anti-Spoofing Module (SAASM) 3.7 and can accept cryptographic keys for increased PVNT accuracy and protection from intentional false or spoofed satellite signals. The AN/PSN-13(A) DAGR does not output classified information. If a technology advanced adversary were to obtain knowledge of the specific hardware and software elements, the information could be used to identify ways of countering the detection capabilities of the DAGR or improve the performance of their GPS receivers; however, information available for the SAASM would not be obtainable. SAASM is a tamper-resistant security module. The remaining hardware used in the DAGR is considered mature and available in other industrial nation's comparable performance thresholds.

b. Drivers Vision Enhancer (DVE) AN/VAS-5 and Rear View Sensor System (RVSS) – The AN/VAS-5 and RVSS are un-cooled thermal imaging systems developed for use while driving Combat Vehicles and Tactical Wheeled Vehicles. DVE and RVSS allow for tactical vehicle movement in support of operational missions in all environment conditions (day/night and all weather) and provides enhanced driving capability during limited visibility conditions (darkness, smoke, dust, fog, etc.). The DVE program provides night vision targeting capabilities for armored vehicles and long-range night vision reconnaissance capability to the warfighter. Engineering design and manufacturing data would provide a potential enemy with the means to upgrade the quality of efficiency of thermal devices production. The consequences of this would be improved enemy equipment of the field. Technical information regarding DVE and RVSS, including UNCLASSIFIED information, should generally not be considered for release. The highest level of information that must be disclosed for production, operation or sale of the end item is UNCLASSIFIED/FOR OFFICIAL USE ONLY.

c. Single Channel Ground and Airborne Radio System (SINCGARS) - The AN/VRC-92E and RT-1702 SINCGARS provides war-fighting commanders and troops with a highly reliable, secure, easily maintained Combat Net Radio (CNR) that has both voice and data handling capability in support of command and control operations. SINCGARS, with the Internet Controller, provides the communications link for the digitized force. SINCGARS is a radio fielded to tactical field elements. It facilitates the transmission of voice and/or data information, which allows for the conducting of a myriad of missions across the operational continuum. SINCGARS is available for the dismounted soldier, ground and aviation platforms. Training will vary for the radio (RT-1702) and spare and repair parts for the RT-1702 model are not supported by the Standard Army Supply Systems. There is sensitive or restricted information contained in the AN/VRC-92E or software. There would be adverse consequences of the AN/VRC-92E and software were to be lost to a technically advanced adversary. If a technology advances adversary were to obtain knowledge of the specific hardware and software elements, the information could be used to identify ways of countering the Electronic Counter-Counter Measures (ECCM). The hardware used in the AN/VRC-92E and RT-1702 is considered mature.

3. This sale is necessary in furtherance of the U.S. foreign policy and national security objectives outlined in the Policy Justification. Moreover, the benefits to be derived from this sale, as outlined in the Policy Justification, outweigh the potential damage that could result if the sensitive technology were revealed to unauthorized persons.

4. All defense articles and services listed in this transmittal have been authorized for release and export to the Government of Kuwait.

[FR Doc. 2017-00246 Filed: 1/9/2017 8:45 am; Publication Date: 1/10/2017]